

FISCAL NOTE

HB 972 - SB 1869

January 16, 2004

SUMMARY OF BILL: Reduces the state sales and use tax by 0.25% on July 1st of each year between 2003 and 2006. The current state rate of 7% would be reduced to 6% over the course of this plan.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - FY 04 \$176,300,000
FY 05 \$366,600,000
FY 06 \$572,000,000
FY 07 \$793,300,000

Increase State Expenditures - \$57,220

Estimate assumes:

- Annual sales tax collection growth rate of 4.0%.
- Taxpayer Services estimates a one-time cost of \$57,220 for postage associated with notification of the tax change.

For informational purposes: This fiscal note was prepared after the effective date of the first proposed sales and use tax reduction. In accordance with the practice of attaching a note that conforms directly to the language of the bill, revenue data from prior to the effective date was used to calculate the fiscal effect of the bill. No changes have been made to account for actual collections in FY 04 to date, as compared to projections available prior to the drafting of this bill. Changes would be noted on the fiscal memo attached to any amendment that is presented.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director